

GENEVA STEEL

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CHIEF EXECUTIVE OFFICER

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Mr. Brad Botwin
Director, Strategic Analysis Division
Bureau of Export Administration
U.S. Department of Commerce, Room 3876
Washington, D.C. 20230

Dear Mr. Botwin:

These comments are submitted for the Department of Commerce's national security investigation on importation of iron ore and semi-finished steel. Geneva Steel is an integrated steel facility which produces slabs, hot-rolled sheet, and cut-to-length plate. We also have pipe mills for the production of API line pipe for oil gas pipe lines. Our operations include use of two blast furnaces as well as coke ovens, basic oxygen furnaces, a continuous caster, a rolling mill and cut-to-length mills. We were formerly a division of U.S. Steel, but have been operating the plant as an independent company since 1987. Since that time we have invested over \$600 million in the plant. Nevertheless, the flood of finished steel products forced the company into Chapter 11 bankruptcy protection in March 1999. We exited Chapter 11 as a reorganized company in January 2001 with financing provided through a \$110 million loan under the Emergency Steel Loan Guarantee Program.

Since Geneva's inception, we have probably been the largest commercial seller of carbon slabs of any company in the United States. This is because Geneva's continuous cast slab making capacity exceeds our mill rolling capability. California Steel Industries (CSI), which had shut down the hot end of Kaiser Steel, is a major customer for slabs produced by Geneva Steel. CSI is one of the largest slab purchasers in the world and is a natural outlet for Geneva's excess slab capacity given its proximity in the Western United States. Unfortunately, due to market conditions, including significantly increased imports of our finished steel products, reduced demand, and depressed prices in the U.S. slab market, Geneva has operated only one of our two blast furnaces since January 2001. This has reduced our iron ore consumption from the Minntec mine in Minnesota by half. If we were able to sell slabs at fair market prices to CSI, we would be able to operate two blast furnaces. Unfortunately, weak demand for steel in countries other than the United States has caused slab prices to fall in the world market. In these circumstances, slab prices available to CSI from foreign producers are significantly below Geneva's cost of production.

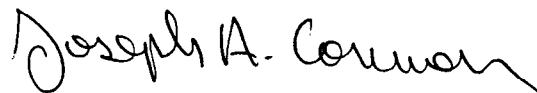
Two of our major competitors for carbon steel plate are also major importers of carbon steel slab. Oregon Steel Mills, located in Portland, Oregon, and Jindal, located in Baytown, Texas, both import extremely low-priced carbon steel slabs which allows them to undercut our prices, thus reducing both our volume and profitability. Although unfair imports of finished steel products have been the primary cause of the sales declines experienced by Geneva, competition with imported slab converted in the United States is also a major problem. Obviously, to the extent that Geneva's sales of finished products are reduced, our ore demands also decline.

Our filing of comments in this national security investigation is of particular significance to Geneva Steel given Geneva's history. During the early part of World War II, the Federal government built Geneva Steel in Utah in order to be away from a possible Japanese attack on the West Coast and because of our proximity to iron ore and coal deposits in the Rocky Mountain area. We were built as a wide plate producer and furnished significant volumes of plate for the Liberty ships to carry American troops and materials to restore democracy in the world. Geneva Steel has the widest continuous plate mill in the United States. The company employs 1800 workers today and is capable of producing the same volume of steel produced by over 5000 workers when the plant was a division of U.S. Steel. This is a testament to our modernization efforts. Besides being a major part of the economy in Utah, we and our customers on the West Coast of the United States believe that our company is vital to the economy of the West Coast. We are the largest plate producer in the Western United States, and probably the largest producer of hot-rolled sheet and API line pipe, for the much needed oil and gas pipelines to transfer Rocky Mountain gas throughout the Western region.

It is necessary to be brutally clear. Blast furnace operations at our plant and others producing from ore are in serious jeopardy. The continued growth of semifinished steel imports into the United States will result in the possible closure of our plant. This will mean that the steel fabricating and many key end user components of the West Coast economy will be dependent on the continued flow of semi-finished steel into the United States. The national security of the United States and the economic security of the Western economy would be in tremendous jeopardy if these semi-finished steel flows were to be interrupted during a war or because of the economic, security, or political decisions made by foreign sources of steel. The United States should not permit its entire steel industry to become dependent on imports of foreign slab. For this reason, Geneva Steel urges the Department of Commerce, the Department of Defense, and the Bush Administration to impose a ceiling at present levels on imports of semi-finished steel in the United States.

I'll be happy to answer any questions that the Department has during the course of its investigation or to appear at any public hearings.

Respectfully submitted,

A handwritten signature in dark ink, reading "Joseph A. Cannon". The signature is fluid and cursive, with the first name "Joseph" being the most prominent part.

Joseph A. Cannon